

FAS-930

(05-21-04)

U.S. DEPARTMENT OF AGRICULTURE

Foreign Agricultural Service

**TRADE ADJUSTMENT ASSISTANCE (TAA) FOR FARMERS
PETITION FOR CERTIFICATION AND ELIGIBILITY FOR A GROUP OF PRODUCERS**

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Trade Adjustment Assistance for Farmers, (Pub. L. 107-210). The information will be used to determine program eligibility. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in denial of program benefits. This information may be provided to other agencies.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0551-0040. The time required to complete this information collection is estimated to average 6 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. **Completed petition must be submitted by January 31 and faxed or emailed or mailed to addresses listed below.**

Deadline for petition submission is January 31 by one of the following methods:

FAX

EMAIL

ADDRESS

(202) 720-0876

or

trade.adjustment@fas.usda.gov

or

U.S. Department of Agriculture
Import Policies and Programs Division/FAS
1400 Independence Ave., S.W.
Stop 1021
Washington, DC 20250-1021

1. Name of Authorized Representative or Primary Contact

Thomas G. Davenport

2. Name and Business Address (including City, State, and Zip Code)

National Grape Cooperative Association, Inc.
2 South Portage Street
Westfield, NY 14787

3. Telephone Number (Including Area Code)

716 326 5291

4. Fax Number (Including Area Code)

716 326 5494

5. E-Mail Address

tdavenport@welchs.com

6. This petition is made on behalf of the following producers: (Use separate sheet for additional producers)

A. Name of Producers	B. Mailing Address	C. Telephone No. (Including Area Code)	D. E-Mail Address
National Grape Cooperative Association, Inc. by Thomas G. Davenport, Director of Viticulture	2 South Portage Street, Westfield NY 14787	716 326 5291	tdavenport@welchs.com

7. COMMODITY INFORMATION:A. Description of the raw (excludes processed) agricultural commodity:
(e.g. fresh raspberries)

Concord juice grapes

B. Competing Imported Commodity's Harmonized Tariff Schedule (HTS)
Number (HTS can be found at: <http://www.usitc.gov/affairs.htm>)

2009.61.00

2009.69.00

C. This petition is for the most recent marketing year for the commodity beginning in August 2004 and ending July 2005
(month/year) (month/year)

D. Check whether the certification is to cover a commodity produced nationally or in an "impacted" area (state or states):

☐

National

☒State(s) (list) Washington

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8. If Item 7D "National" is checked, provide the national average annual price for the most recent marketing year and the 5 preceding marketing years. If Item 7D "State(s)" is checked to indicate that the petition is for an impacted area, provide the relevant average price for the most recent marketing year and the 5 preceding years, and specify the months being averaged if the price is for less than 12 months (seasonal price).

NOTE: Use Official data if available. The Department's National Agricultural Statistical Service (NASS) has national price data available for many raw agricultural commodities. That information can be found at: www.usda.gov/nass. You must state the source of your price data. If you do not use official data, you must provide contact information for verification purposes and supporting documentation to show how your price was calculated.

A. Marketing Year	B. Average Annual Price				
Most recent: August 2004 – July 2005	\$ 143.00 per ton				
Provide prices for the 5 years prior to the most recent marketing years. Beginning with the most recent.	C. 5-Year Average Annual Price				
	1 Year ago \$ 178.00	2 Years ago \$ 155.00	3 Years ago \$ 265.00	4 Years ago \$ 266.00	5 Years ago \$ 260.00

9. Basis for request for adjustment assistance. Please explain or attach any documents, which show how increased imports have affected the national price of your product during the most recent marketing year. In your description include any other factors which may also have contributed to lower producer prices.

TAA Rationale

The Concord grape industry is primarily centered in five states in the U.S. consisting of New York, Pennsylvania, Ohio, Michigan, and Washington. Production is often highly variable but utilization averages about 409,000 tons annually (NASS Data for crop years 1990- 2004). Typically, Concord grapes produced in the four "Eastern" states experience similar pricing, but often pricing is significantly different for Concord grapes produced in Washington. Historically, Concord grapes produced in Washington have been priced at lower levels than Eastern ConCORDs. This is due to a number of factors associated with lower color, and greater distance to markets.

Most Concord grape production is used in the production of grape juice, grape blends, jams and jellies, or in concentrate form that is then sold by branded and non-branded companies. Welch's, which is a subsidiary of National Grape Cooperative, is the major purchaser of U.S. Concord grapes representing almost 60% of the total U.S. crop.

In the mid-to-late 1990's, a significant portion of the crop was sold as concentrate to buyers who converted it to juice and juice blends. However, increased market demand spurred by positive health-benefit news about Concord grape products and lower than average crop size (1998 – 339,000 tons & 1996 – 370,000 tons) resulted in increased prices for Concord concentrate. Concentrate prices rose from traditional levels of \$10 per gallon to \$15 per gallon.

As a result, traditional Concord grape concentrate buyers switched to other grape varieties from both domestic and foreign sources. It is estimated that the domestic Concord market lost an equivalent of 70,000 tons annually during this time period (Source: Internal data available from Welch's upon request). Major buyers including Tropicana, Minute Maid, and Juicy Juice switched to other grape concentrates and have not returned to purchase domestic Concord even though supplies have increased and prices have declined in recent years.

Substituting foreign and other domestic concentrates for Concord domestic concentrate is a major factor in grape pricing declines over the past three crop years (2002– 2004). Eastern cash market prices, which are for Concord grapes purchased in New York, Pennsylvania, Ohio, and Michigan, declined from \$280 per ton in

2001 to \$198 per ton in 2004 (Figure 1). During the same period, Washington State cash market prices declined from \$231 per ton to \$101 per ton (Figure 1). This data is based on a weighted average of announced cash market prices for grapes produced in New York, Pennsylvania, Ohio, and Michigan in the East, and for Washington in the West. It should be noted that a much higher percentage of Washington's crop is sold as concentrate than the Eastern crop.

At the same time, Concord grape domestic production remained flat with 350,610 tons utilized in 2001 and 349,720 tons utilized in 2004. For the most recent two years, domestic Concord grape utilization declined from 428,800 tons in 2003 to 349,720 tons in 2004 representing a 19% reduction in U.S. production. Concurrently, imported grape juice increased by 25% (from 43.35 million single-strength gallons in 2003 to 54.33 million single-strength gallons in 2004).

In 2004, the U.S. imported over \$69 million worth of grape juice and concentrate, which was about a 79% increase from the previous year's \$39 million total. Argentina is the major grape juice exporter, representing about 76% of U.S. imports, which amounts to almost \$53 million. Chile is the next largest exporter with an 8% market share representing about \$5 million (Figure 2).

Argentina grape juice exports more than doubled from the previous year, amounting to about \$26 million (Figure 3). Four countries (Argentina, Chile, Brazil, and Mexico) accounted for 91% of all U.S. grape juice imports in 2004 Source: Grape Juice Concentrate Profile 2004 by the California Association of Winegrape Growers).

Figure 1. Cash Market Value of US Concord (2001 – 2004)

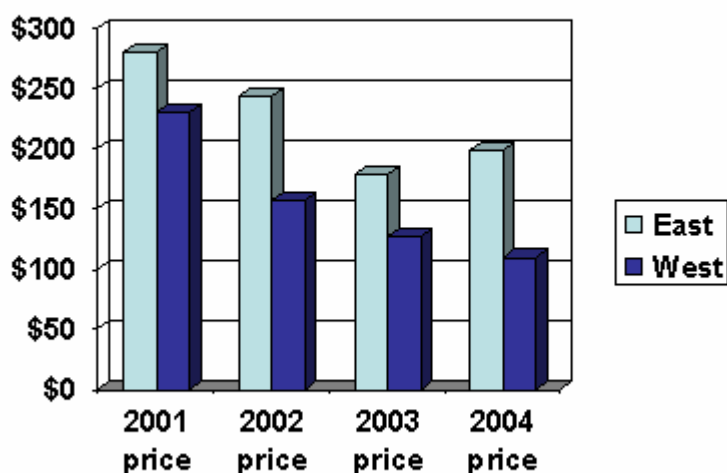
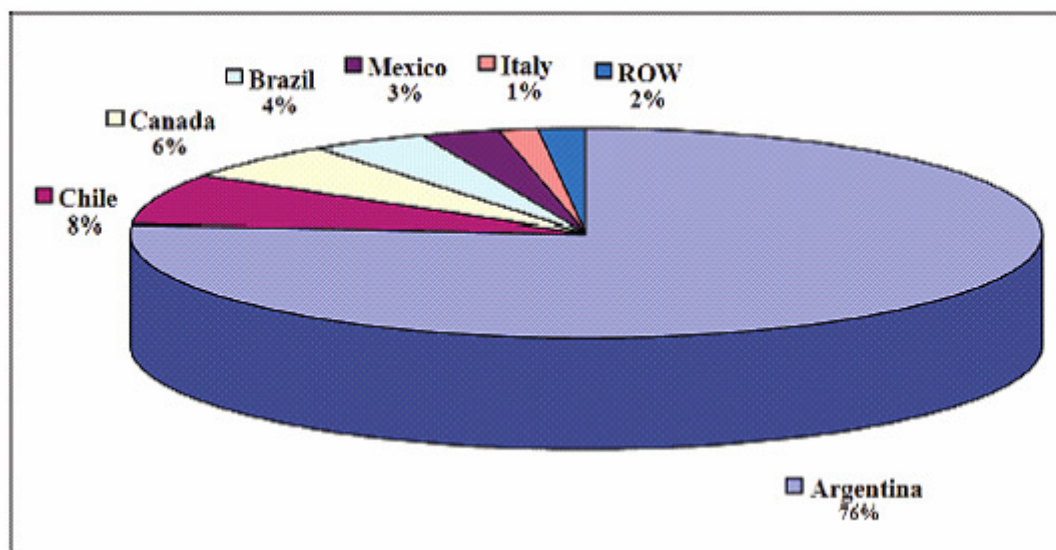
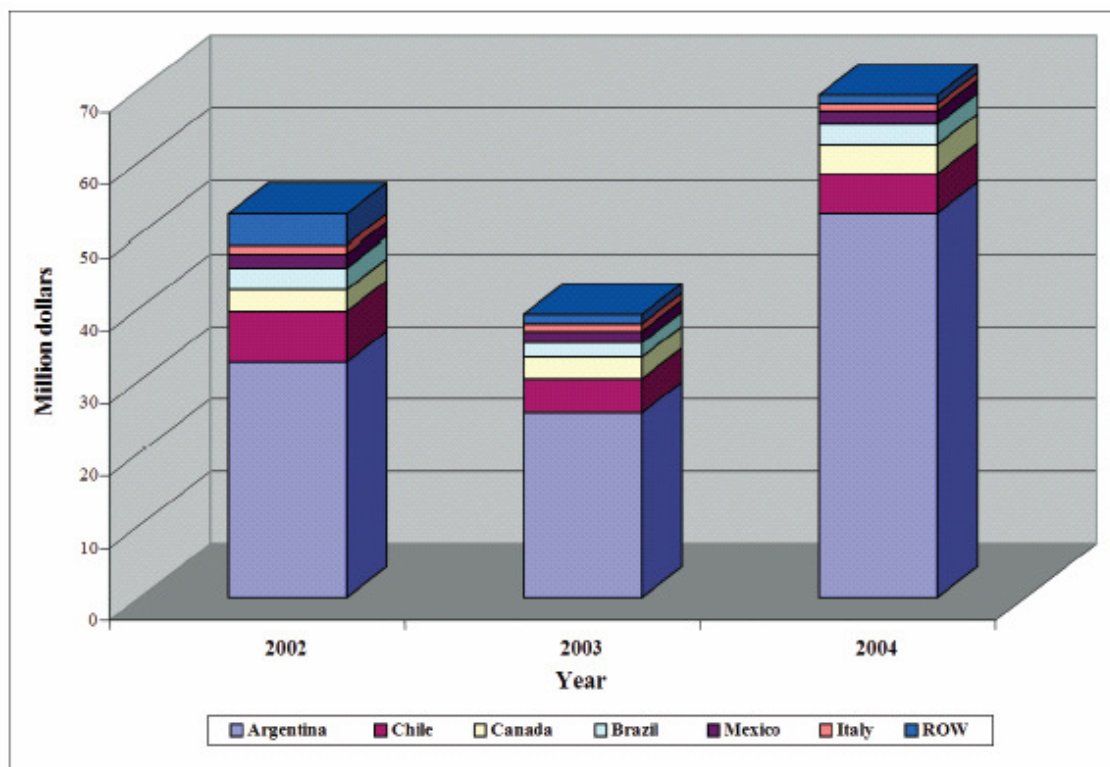


Figure 2. U.S. Total Grape Juice Imports from Major Countries: 2004
Total Value \$69 million



Source: Grape Juice Concentrate Trade Profile 2004. California Association of Winegrape Growers.

Figure 3. Values of U.S. Imports of Total Grape Juice: 2002-2004

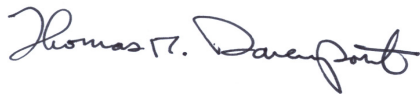


Source: Grape Juice Concentrate Profile 2004. California Association of Winegrape Growers.

U.S. agriculture raw-product prices typically increase or remain stable if market demand is constant and production is either declining or flat. However, the significant pricing decline for Concords from 2001 to 2004

(\$272 to \$217 per ton in Eastern production regions and \$219 to \$100 per ton in Washington) suggests that other factors have affected market conditions. The data presented above confirms that one of the major factors is imported grape juice and grape juice concentrates.

10A. SIGNATURE OF AUTHORIZED REPRESENTATIVE
OR PRIMARY CONTACT



10B. TITLE

Director of Viticulture

10C. DATE SIGNED

January 31, 2006